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## CONGRESSIONAL RECORD — SENATE

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Mr. McNAMARA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, informed the Senate that, pursuant to section 194 of title 14 of the United States Code, the Speaker had appointed Mr. GARMATZ, of Maryland, Mr. LENNON, of North Carolina, and Mr. GLENN, of New Jersey, as members of the Committee on Merchant Marine and Fisheries.

The message announced that the House insisted upon its amendments to the bill (S. 298) to amend the Small Business Act of 1958, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PATMAN, Mr. RAINS, Mr. MULTER, Mr. BARRETT, Mr. KILBURN, Mr. WINDALL, and Mr. HARVEY of Michigan were appointed managers on the part of the House at the conference.

## ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H.R. 1959. An act to authorize the transportation of privately owned motor vehicles of Government employees assigned to duty in Alaska, and for other purposes;

H.R. 3368. An act to authorize the Administrator of General Services to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Inc., and

H.R. 4801. An act to amend subsection 506 (d) of the Federal Property and Administrative Services Act of 1949, as amended, regarding certification of facts based upon transferred records.

## ADJUSTMENT IN ANNUITIES UNDER FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

The Senate resumed the consideration of the bill (S. 745) to provide for adjustments in annuities under the Foreign Service retirement and disability system.

Mr. HUMPHREY and Mr. GORE addressed the Chair.

Mr. HUMPHREY. Mr. President, does the Senator wish to speak on this particular bill?

Mr. GORE. No.

Mr. HUMPHREY. I must regretfully state that the new rule of germaneness will be in effect until a later hour. Will the Chair state the time?

The PRESIDING OFFICER. Until 3:46.

Mr. HUMPHREY. And since this rule is in its early days of application, as I said a few moments earlier, I think we

should retain it in its pristine purity until it is later adulterated by Senate practice.

I am sure the Senator is about to come forth with an amendment.

Mr. GORE. I certainly am.

Mr. HUMPHREY. I thought that was the case, but I shall not yield for that purpose right now.

Mr. GORE. Mr. President, is the senior Senator from Tennessee or the senior Senator from Minnesota recognized?

The PRESIDING OFFICER. The Senator from Minnesota had the floor.

Mr. HUMPHREY. That is correct. I shall be more than happy to yield to the Senator from Tennessee in a moment for the purpose of his offering a non-germane amendment to test the rule of germaneness.

The arguments made against this particular bill relate, of course, to its more generous provisions concerning one group of Foreign Service officers in the number of 116 who retired before October 1960.

At that time the retirement benefits were not as generous as they are now, and the payments into the retirement fund in relation to these benefits were considerably higher.

Also, this group of 116, to which the provisions of the bill refer, made no provision for their widows. In other words, because of the cost of the retirement benefits for the individual Foreign Service officer, the process of election of beneficiary, or of those who were to be the recipients of an annuity, was limited to the actual Foreign Service officer rather than the officer and his surviving widow.

As the report on the bill (S. 745) indicates, the bill would authorize an annuity of \$2,400 to about 27 widows who now have no annuity whatsoever. It would also apply to any other widows who would have no annuity. If S. 745 were enacted, they could avail themselves of its provisions.

The latter is a sort of saving clause, since it is possible that if the bill were made public law, some officers would not have time to make the election or selection provided for in the proposed legislation.

I have discussed the bill with members of the staff of the Foreign Relations Committee who have been closely associated with the development of the legislation. I can well understand the concern of the Senator from Ohio and of the Senator from Delaware. There is much merit in the argument that has been made.

However, the bill has been before the Foreign Relations Committee, not once, but several times. As I recall—and I stand corrected if I am in error—hearings were held on the bill before the Foreign Relations Committee in previous Congresses. After a number of hearings during the 88th Congress, the Foreign Relations Committee reported the bill to the Senate, with minority views. Three of our colleagues in the Senate have expressed dissent or opposition to the bill in minority views.

The bill has the approval of the Department of State and of the Bureau of the Budget. That means, of course, that it represents the views of the administration. I believe it would be fair to say that, with the approval of the Bureau of the Budget, the cost items have been carefully evaluated; and that with the State Department approval the equities involved and the sense of justice involved have been given careful consideration.

The report is very explicit with reference to the various sections of the bill. There is included in the report a section-by-section analysis. Also, some examples are given in the report, which I believe are rather helpful in understanding this complicated piece of proposed legislation. For example, the report points out that prior to the enactment of Public Law 86-723, the most recent revision of the Foreign Service Retirement Act, the Foreign Service retirement system provided that the annuity payable to a surviving widow could not exceed 25 percent of a retired Foreign Service officer's average basic salary for the 5 years next preceding his retirement.

In other words, if a Foreign Service officer received \$12,000 a year, the most the widow could receive would be \$3,000. This presumes that there would be a 5-year period immediately prior to the retirement in which the Foreign Service officer's salary would not have been less than \$12,000 a year.

If he had elected, under the retirement system, to have his wife included in the annuity, the widow would be entitled to \$3,000.

The same revision in the law, known as Public Law 86-723, provided that an annuity payable to a surviving widow could be as much as 50 percent of the amount which the retired Foreign Service officer received as an annuity.

In addition, the annuity of the retired Foreign Service officer who elects to provide an annuity for a widow survivor is reduced by 2½ percent of any amount up to \$2,400, plus 10 percent of any amount over \$2,400, which he specifies as the base for the survivor benefit.

The committee report gives an example of this situation, which I believe will help clarify it. It indicates why there was a need for the provision contained in the pending bill.

To illustrate, according to the formula in effect for those who retired prior to October 16, 1960, a Foreign Service officer whose so-called high-five average salary was \$12,000 a year would, on the basis of 30 years' service, receive an annuity of \$7,200. This is calculated on the basis of 2 percent times 30 times \$12,000. That amounts to \$7,200. That is the formula. The maximum annuity he could provide for his surviving widow was 25 percent of \$12,000, or \$3,000. The cost to him for such a widow survivor annuity was \$1,500, or one-half of the annuity provided for her. Therefore, his reduced annuity would then be only \$5,700. That is for his widow and for himself.

Further, on the basis of the same figures set forth in the report, under the

new formula in effect since October 16, 1960, the maximum annuity a Foreign Service officer may elect to provide for his surviving widow is \$3,600, or one-half of his annuity of \$7,200. It was \$3,000 prior to 1960. After 1960, the cost to the Foreign Service officer who elected to provide for his surviving widow would be about \$540. Thus, a Foreign Service officer who retired under the present law would be entitled to receive an annuity of \$6,660. In other words, it is \$7,200, less \$540, the cost of the annuity for his surviving widow; whereas the Foreign Service officer who retired under the old law could receive an annuity of \$5,700.

It is quite obvious on its face that there is a discrepancy. A Foreign Service officer who retired on October 15, 1960, would receive \$5,700. The officer who retired on October 17, the day after the law went into effect, would receive \$6,660. There is an obvious discrepancy in the case of the survivorship annuities. It is the committee's feeling that this constitutes an injustice to those who retired prior to October 16, 1960. For that reason the Committee on Foreign Relations felt justified in approving the pending bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. I concur fully with the argument thus far made about the purpose of equalizing the rates between those who retire after 1960 and those who retired before 1960. My complaint is not with respect to equalization, but with respect to the preferential treatment which, on the basis of increased annuities, they have received because they did not designate their wives.

Mr. HUMPHREY. I understand the Senator's position. He is more concerned about the provisions in the bill that follow.

Mr. LAUSCHE. That is correct.

Mr. HUMPHREY. It is my understanding that that is the view of the Senator from Delaware also.

Mr. LAUSCHE. Yes.

Mr. HUMPHREY. So far as adjusting the discrepancy I have described is concerned, that is concurrence on the part of the Senator from Ohio.

Mr. LAUSCHE. Yes.

Mr. HUMPHREY. There is concurrence on the part of the Senators I have mentioned.

Mr. LAUSCHE. Yes; we concur.

Mr. HUMPHREY. The section of the bill that has caused the greatest concern relates to 27 widows of Foreign Service officers, widows who would be authorized to receive an annuity of \$2,400, who have had no annuity whatsoever, and as to whom no payment has been made into the fund to provide for them. The committee report describes this particular feature in rather concise and persuasive language. Section 3 of the bill provides:

Sec. 3. In any case where an annuitant who retired prior to October 16, 1960, dies prior to enactment of this Act, leaving a widow to whom he was married at time of retirement who is not entitled to receive an annuity under the Foreign Service retirement and disability system, and who is not receiving benefits as a widow under the Federal Employees' Compensation Act, the Sec-

retary of State may in his discretion grant such a widow an annuity of \$2,400 per annum; or in cases where such widows are receiving less than \$2,400, the annuity shall be increased to \$2,400.

This provision was designed to give what might be called social-justice or humanitarian consideration to the wives of Foreign Service officers, wives who were not provided for under the retirement system. I believe there is much justification for this provision. I have often said, and should like to repeat now, that when the Government employs a Foreign Service officer, it generally gets two such officers for the price of one. In the vast majority of cases, a Foreign Service officer, particularly one who serves overseas, has an effective assistant or associate or helpmate in the person of his wife. The Government does not compensate that woman, even though she may be doing as much good for our country in the role of wife of the Foreign Service officer as the Foreign Service officer himself.

One of the truly inspiring and exciting stories of our Foreign Service is the outstanding work that is being carried on year after year in country after country by the wives of U.S. Foreign Service officers. I believe it would make some of the best and most informative reading if more articles were written about the work being accomplished and undertaken by the wives of Foreign Service officers. Every Member of Congress who has traveled abroad knows that this is true. By their conduct and their sacrifices, those fine women bring honor not only to themselves and their families, but also to our country.

We have an excellent Foreign Service, in the main. At times, I have been critical of the Foreign Service when it sought to take over what I thought was an operational program, such as foreign aid. I do not believe that is its role. But I am not critical of the Foreign Service when it performs the duties assigned to it by law, in the field of diplomacy, and in the staffing and manning of missions and consular offices. To the contrary, we are blessed with one of the finest Foreign Services of all the countries of the world.

The provisions of section 3 of the bill would provide a modest annuity of \$2,400, which should not bankrupt the richest of all nations. It applies to 27 widows who, through no fault of their own, did not come under the provisions of the previous Foreign Service retirement legislation. I see no reason to exclude those 27 widows from the modest benefit of a \$2,400 a year annuity.

It should be clear that this section and this amount do not apply in cases in which a widow is receiving benefits under the Federal Employees Compensation Act as the widow of a Foreign Service officer or as the widow of someone else. In other words, there would not be dual benefits.

This section also provides that the annuities of widows shall be increased to \$2,400 in cases in which the widows are receiving less than that amount. It should be noted that all widow annuities were increased to at least \$2,400 when the law currently in effect was enacted,

provided they became payable by June 30, 1962.

So the purpose of this section, which has been the subject of controversy today, is to close the gap between the date June 30, 1962, and the date when the bill becomes law. It applies to a small number of widows of Foreign Service officers—the number is estimated as 27—who now have no annuity whatsoever, and to a few other wives who would have no annuity if their husbands died before they could avail themselves of the provisions of this act. That simply means within the short period of time between the passage of the bill by Congress and the signing of the act by the President and before the Foreign Service officer could make the election of an annuity for his surviving widow, if the Foreign Service officer were to die. So it is quite obvious that we are talking about a few persons—less than 100—under the most extreme and unbelievable circumstances.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. WILLIAMS of Delaware. I am somewhat confused as to how the Senator can describe 27 women as being widows today on the premise that their husbands may die tomorrow.

Mr. HUMPHREY. No; I said there was another group.

Mr. WILLIAMS of Delaware. The Senator is not now speaking of the 27?

Mr. HUMPHREY. No. The 27 are in the classification of widows; their husbands have departed this life.

Mr. WILLIAMS of Delaware. I read from the third paragraph under the heading "Purpose of the Bill," on page 1 of the report:

In addition, S. 745 would authorize an annuity of \$2,400 for about 27 widows who now have no annuity whatsoever and any other widows who would have no annuity if, assuming S. 745 is enacted, their husbands died before they could avail themselves of its provisions.

In committee it was stated that the husbands were still living, and this provision was included on the prospect, as the Senator has just stated, that the husbands might die in the interval between the passage of the bill by Congress and the signing of the act by the President. A man who might die hereafter is not dead today; his wife is not now a widow. If he is living today why does he not do what every other civil service retiree must do: Go to the retirement division, declare his wife as his beneficiary, take the reduction in his pension check, as other workers must do, and pay back into the Federal Treasury the extra amount which he has drawn in previous years because he did not think enough of his wife to declare her as his beneficiary?

Let this man express for his wife a little of the same sympathy that he is asking the Congress to express. She certainly is not a widow until he is dead.

Mr. HUMPHREY. I assure the Senator I have no desire to advance the cause of widowhood by presuming to suggest that the husbands of those who would be beneficiaries of this act are now dead,

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whereas they are alive. I merely point out that section 1(a) would modify the present Foreign Service Retirement Act, and section 3 refers to section 1(a), as well. I am saying that it is possible that if the bill is passed by both Houses and is on the President's desk by April 10, and if the President signs it on the afternoon of April 10, a Foreign Service officer who might want to avail himself of the provisions of this act, as an amendment to the Foreign Service Retirement Act, might have a heart attack even while he was affixing his signature to whatever papers were required to assure his widow these benefits. It is the purpose of section 3 to assure the widow that she would be entitled to the \$2,400 widow's annuity.

I do not think this is the most earth-shaking decision this Congress will be called upon to make, but at least, it is a matter of legislative detail that was given consideration by the Bureau of the Budget, by the State Department, and by the Committee on Foreign Relations.

I presume that the Committee on Foreign Relations has some competence in this area, since it has handled most or all of the Foreign Service retirement and disability acts and the amendments to them. The Senator from Alabama [Mr. SPARKMAN] is chairman of this subcommittee, and I know he has given very careful consideration to this proposed legislation. I would be less than candid if I did not admit that I am not an expert on all its details, but I believe section 3 is in the bill because it is needed. I do not believe it establishes a bad precedent. I think it demonstrates rather humanitarian consideration and concern for the wives of Foreign Service officers—a group very limited in number—who will have no annuity benefits at all unless this proposed legislation is enacted.

Mr. WILLIAMS of Delaware. Will the Senator from Minnesota yield?

Mr. HUMPHREY. Yes; I am happy to yield.

Mr. WILLIAMS of Delaware. Does not the Senator think it is the responsibility of this lady's husband as in the case of other employees to—declare her a beneficiary?

Mr. HUMPHREY. Yes.

Mr. WILLIAMS of Delaware. Will the Senator from Minnesota agree to the inclusion of an amendment to require the return to the Federal Treasury of the extra amount of pay received because the designation was not made earlier? If so, I shall have no objection to the bill. If we allow such an employee to receive the extra amount during his lifetime and if we still take care of his widow afterwards, we should do the same for all civil service employees, postal workers and all other Government employees. But if we were to do that the added cost would be approximately \$400 or \$500 million a year. Why are not the widows of all employees entitled to equal treatment? Why single out just the 116 in 1 category and the 27 in the other whose husbands are living today and therefore could, if they wished to do so, name their wives their beneficiaries.

The only point is that in the absence of enactment of this bill they would receive a lower retirement pay—as other

retirees would—and would have to return to the Federal Treasury the extra amount they have drawn from the Federal Treasury during the years in which they refused to name their wives their beneficiaries.

Mr. HUMPHREY. Those are the ones in the group of 116.

Mr. WILLIAMS of Delaware. No; both the 27 and the 116.

Mr. HUMPHREY. But in those cases the husbands have gone to their heavenly rewards.

Mr. WILLIAMS of Delaware. I think the Senator from Minnesota has confused the two groups. The 116 have passed away; the 27 have not yet died. But one category consists of widows. An act of Congress is needed in order to establish their eligibility.

My point is that their retirement benefits should be reduced in an amount corresponding to the extra amount which was drawn while their husbands were living.

I am willing to allow them their retroactive rights if they will pay for them. But I do not see why this group should get approximately \$9,000 more out of the retirement fund than any other civil service employee, Foreign Service officer, or other Government employee could receive? Why should they get that \$9,000 bonus merely because they failed to recognize their responsibilities to their own wives?

Mr. HUMPHREY. I think there is considerable merit in that argument; and the Senator from Delaware always makes a good argument, and does so with great sincerity. I am merely endeavoring to get both points of view spread on the RECORD.

I would say that it is not clear that under the bill certain benefits which would accrue to the widows of Foreign Service officers would not accrue to the widows of other Government employees.

We should bear in mind the fact that the members of the armed services and the members of the judiciary make no contribution whatever to their respective retirement systems.

In the case of the judiciary, the judges receive their full salaries after their retirement. Of course, I do not say the role of a Foreign Service officer is as important as that of a Federal judge, nor do I want my remarks interpreted as being at all critical of the judiciary retirement system. To the contrary, I think it is a very fine system, and I think it has worked for the benefit of our judicial structure and for the benefit of the Nation.

In fact, in view of the very low salaries paid Federal judges, it is clear that their retirement program is anything but extravagant. The same could be said of many others. When we realize that a Federal district judge receives less annual salary for presiding over a court in which some of the great cases are tried than the amount received by an attorney for handling one accident case, I wonder what has happened to equity and justice in the American judicial system.

If there has ever been a need for revision of our professional pay scales, it is now. The Federal judiciary is underpaid; the Federal law enforcement offi-

cers are underpaid. When I was mayor of a great city, I learned that if honest policemen are wanted, they must be paid fair salaries; or if an honest district attorney is wanted, he must be paid an annual salary which bears at least some resemblance to the fee which a defense attorney receives for trying one case.

Not long ago I talked to a resident of another State about the pay received by some law-enforcement officers of the Federal Government. When I consider their pay, I realize that their maintenance of such a high standard of morality, integrity, and ethics is one of the miracles of our time. The American people want justice, integrity, frugality, prudence, and all the other virtues of the saints, but would like to pay very low salaries in return.

I think that is unreasonable.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I am glad to yield.

Mr. WILLIAMS of Delaware. I could comment on the Senator's remarks in regard to the desirability of a pay raise; however, we now have a retirement bill before us.

Mr. HUMPHREY. I was speaking about retirement equity. I was using it as an example related to proposed legislation applying to certain officers of the Government—legislation which is relevant to the entire governmental structure. But it must be remembered that neither members of the armed services nor members of the judiciary make any contribution whatsoever to their respective retirement systems. No complaint is being made about it. I am using it as an example. I do not believe we should assume that, by dealing fairly with 27 widows, or 116 widows, who are not being adequately provided for—in one instance, because their husbands did not elect to take a certain system of retirement, and in another instance because they were not provided for by law—we are being overly generous, or that we are establishing a precedent which will cause trouble in the retirement program.

As I recall, a law was enacted in 1960, Public Law 86-612, which provided for annuities to a small group of widows in circumstances similar to those which we are now discussing. The amendment which would prohibit the granting of an annuity of \$2,400 to 27 widows, as provided for in the legislation before the Senate was included in Public Law 86-612 of July 12, 1960, and it was then provided as a compassionate grant to a small group of widows who were not provided for in other legislation.

The Congress did not rebel. I do not believe it is likely to cause a large Federal deficit. I do not believe that a widow who receives \$2,400 is going to be living it up at public expense, enjoying all the pleasures of modern-day life.

No matter how often we study the retirement system, new problems arise. As mayor of Minneapolis I once served on a teacher's retirement board in Minneapolis, Minn., and also on the Policemen's and Firemen's Retirement Board. There was not a single time after we had amended a law when some inequities did not arise. We tried to make the law

as fair and comprehensive in its benefits as possible. After we had amended it, we found generally that an area was left untouched, which in turn pointed to another inequity which needed correction. This is within the nature of retirement system. In most cases, it would be impossible for the individuals concerned in this particular bill, if the Lausche amendment were to be adopted, to meet the requirements with respect to repayment for which the amendment provides.

Most of the retired Foreign Service officers involved received small annuities. Prior to 1960, if they received \$12,000 a year, which would involve a small fraction of the total number of Foreign Service officers, the total retirement would have been \$7,200. The large bulk of Foreign Service officers do not have a base pay period of 5 years of \$12,000 or more, and they surely did not have it prior to 1960. I do not have the figures before me, but I would judge that the mean annuity amounted to approximately \$12,000, rather than the maximum used in the example.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. Is there any figure in the record indicating the number of persons covered and the amount of aggregate salaries? I wish that figure were available.

Mr. HUMPHREY. It would be helpful to have it.

Mr. LAUSCHE. It would be helpful if we could obtain it.

Mr. HUMPHREY. I believe the staff member of the committee now in the Chamber could provide that information. As the Senator from Ohio can see, we now have it before us.

The annuities seem to run anywhere from as much as \$14,000 and more to over \$2,000. I believe the Senator from Ohio would agree that, overall, the list seems to run approximately in the \$4,000 to \$8,000 range.

My point is that many retired Foreign Service officers were receiving small annuities and were therefore unable to provide annuities for their widows because of the high cost.

To provide an annuity of \$2,400 a year to a widow survivor would have cost, before October 1960, \$1,200. Now, however, it costs only \$300. So the situation prior to 1960, before the law was relaxed, and before the benefits were improved, was that a Foreign Service officer receiving somewhat modest pay would have been required to pay in as much as \$1,200 a year for an annuity of \$2,400. That same annuity for a widow costs only \$300 at present.

The bill is designed to permit the Foreign Service officer who did not provide for his widow under those high costs, to provide for her under the payment schedule after October 16, 1960. The average retirement year of retirees involved is 1950—all those retired between 1940 and 1960—and the retirees would have to put in several thousand dollars. Very few of such retirees, whose average age is 69, and who are in the lower financial brackets, could produce such a sum of money; and even those who could af-

ford it would probably not find it to their advantage to meet the requirements. In effect, therefore, if such a requirement were made part of S. 745, the bill would permit little relief to those whom it is intended to benefit.

My argument in behalf of the bill is based upon the fact that considerable discussion and consideration of the subject of retirement benefits has been given by the appropriate committee of Congress. The Bureau of the Budget also carefully examined the measure, and its letter of approval has been made a part of the Record.

Mr. LAUSCHE. Mr. President, on that subject, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. Perhaps the staff member of the committee can advise us. Is it not a fact that up until this year the Bureau of the Budget opposed the bill?

Mr. HUMPHREY. I could not answer that question definitely, but the staff member informs me that the Bureau of the Budget was not opposed to the precise language of the bill. I believe the most relevant question is whether the Bureau of the Budget is opposed to the bill as reported by the committee and whether we can provide for discretion on the part of the Secretary of State in connection with the annuities. I believe it is fair to say that the Bureau of the Budget approves the bill. The staff specialist informs me that it does.

Mr. LAUSCHE. The bill which was before the Senate in the preceding session of the Congress was not approved by either the State Department or the Bureau of the Budget. The bill which came before the Senate this year was approved by both the State Department and the Bureau of the Budget. It is my recollection that, in principle, both bills were identical. Between the periods 1961-62 and 1963-64 something happened to distinguish the situation, because the Bureau of the Budget changed its judgment and the State Department changed its judgment. They now say that the bill is satisfactory.

Mr. HUMPHREY. I believe the recitation of the Senator from Ohio in relation to the attitude or the policy of the Bureau of the Budget is correct. When the act of October 16, 1960, was put into effect, and the benefits of that act, as well as some of its inadequacies and inequities, were analyzed by the Bureau of the Budget and the State Department, in a period of 2 or 3 years, there was enough case history to bring the Bureau of the Budget and the State Department around to a position in support of the proposed legislation. I believe I am correct in saying that the proposed legislation was introduced at the request of the State Department and the Bureau of the Budget.

The measure is not one which was spawned in the Senate, but rather represents the results of a study on the part of the State Department, a subcommittee of the Senate Committee on Foreign Relations, and the analysis of the Foreign Service retirement system by the State Department and the Bureau of the Budget. I believe that is a fair statement of the situation.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. GORE. Mr. President, I offer an amendment to the motion to recommit, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. It is proposed to add instructions to the motion to recommit to amend the bill as follows:

On page 3, line 11, after the words "discretion by", insert the following:

Upon a finding by the President that such action would conform to practices of fiscal responsibility and would lessen the pressure for widows affected thereby either to enter the active labor force or to become unemployed.

And report the bill, together with such additional amendments as the committee may deem appropriate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Is there any requirement that, under the so-called amendment to rule VII, the amendment be germane to the pending bill?

The PRESIDING OFFICER. There is no such requirement.

#### TAX REDUCTION AND UNEMPLOYMENT

Mr. GORE. Mr. President, one of the more appealing arguments in favor of a mammoth tax cut is that this action will result in a drastic decrease in unemployment.

This is, as I say, an appealing argument, because we want to insure insofar as we are able, the right and the opportunity for each of our citizens who wants and needs a job to have one. We want our people to be self-supporting, self-reliant, prosperous and secure.

The security of the intended beneficiaries of the pending bill is the motivating force which brings the bill to the floor of the Senate.

But it is far from certain that the tax cut will reduce our too high unemployment. Indeed, in my view, it is more likely, after about 18 months, to cause increased unemployment.

Those who are so enamored of aggregates and macro-economics need to look at our unemployment and see just what it consists of and what has caused it. In what geographical, age, health, and ethnic areas is it concentrated? Can increased general demand cure it without causing inflation?

To begin with, we are not suffering unemployment because of a recession-or

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depression. On the contrary, the economic indicators are, by and large, at alltime highs. We are not in that desperate condition we faced during the great depression when almost any gamble seemed in order—no matter how inefficient, or how dangerous.

We are not suffering unemployment because of lack of capital or productive capacity. The corporate sector is highly liquid; and about 12 to 15 percent of plant capacity is idle. Certainly our basic productive structure is sound, and we would have no trouble increasing production in almost any area where demand is spurred. But would this put many of the presently unemployed to work? Some confuse poverty and unemployment, and the two are closely linked. But we should always keep in mind that we do not need to have poverty because of lack of production. Our situation economically is almost unique in recorded history. Characteristically and historically, there has been, in every society, a problem of insufficient total production. This is not our problem. We have an almost unlimited capacity to produce. Our basic problem is distribution, and the understanding of this fact is a necessary prerequisite to formulating any workable plan for an attack on unemployment and on poverty. There must be a proper distribution of the fruits of national production, and this is best achieved in our society by a proper distribution of jobs which pay a decent wage.

There are two general ways of attacking unemployment. An attack can be directed toward increasing production and creating additional jobs. A slightly different type of attack focuses on a more equitable distribution of jobs without materially increasing total national production.

We need to launch this two-pronged attack.

How does a tax cut fit into this picture? I am sorry to say that it will likely make matters worse. This is particularly true of the type of tax cut contained in the tax bill, H.R. 8363.

The first type of attack must be concentrated on increased production in the public sector, for this is where our unfulfilled demands now largely lie—for better rapid transit systems, better housing for low income groups, better educational facilities at all levels, better highways, more and better hospitals and nursing homes, more clean drinking and industrial water. It is here that jobs could readily, directly, and with profit to society, be created. But this takes public funds which will be less available after passage of the tax bill.

Furthermore, to the extent this tax cut is effective in spurring increased investment, we are likely to build up a capacity which cannot be sustained by demand in the private sector, just as was the case in 1956-57. This may worsen unemployment in the not distant future, and especially so when accompanied with policies of economic retrenchment and monetary squeeze.

Those who would fight unemployment and poverty only by trying to increase overall demand do not understand the

nature of the problem or the composition of the unemployed segment of our labor force, and the poverty stricken in the midst of our affluence.

Present unemployment is largely structural. It is concentrated in certain geographical localities, certain age groups, certain social and ethnic categories. Unemployment is daily being worsened, or at least made more difficult to cure, by technological advances—"automation," if one uses the term loosely.

From 1953 to 1962 investment in scientific research and development tripled. Partially as a result of this effort, we are now losing 2 million jobs each year because of the laborsaving effects of increasing productivity. Manufacturing employs about 1 million fewer production workers than was the case just 6 or 7 years ago, despite vastly increased production.

This may be all to the good, and I know of no latter-day Luddites, but we must recognize the fact that no longer does increased production through increased overall demand create jobs in large numbers for the unskilled. The seeds of inflation would be sown by a shortage of skilled labor long before profitable work could be found for the bulk of presently unemployed. Altogether too large a proportion of our unemployed are not qualified to hold down productive positions in our highly mechanized and automated economy, even if those jobs could, somehow, be created.

Unemployment, and poverty sprouting from such roots, cannot be cured by a tax cut. The type of unemployment problem we have requires more specific treatment. We must concentrate more on the public sector as well as upon encouraging and assisting private enterprise to play its part as the mainstay of our economy.

The other half of our two-pronged attack centers around encouraging certain types of persons to delay or refrain from entering the labor market—some temporarily, some permanently. After all, unemployment is a product of the participation rate—the numbers of people who say they want a job—as well as of the total number of jobs available.

One obvious place to begin—and with profit to society—is to set up programs designed to delay the entry of young people into the labor market until they are better qualified. This would not only make for a more stable labor force, but it would also assist these young people individually to achieve a more well rounded life, as well as specifically to fit them for more productive jobs when they do enter the labor force. We have been altogether too timid about moving into this area. Education is the key here, not a tax cut. This kind of realistic and highly beneficial attack on unemployment will cost money, thus indicating the need for more, not less, Government revenue.

Another approach of this sort is to assist those wives and mothers who wish to devote more time to their homes and children and who really do not want to work, but who feel they must, to stay out of the active labor force. We could help them, in their homelife and society as a whole, if we took steps to insure

that the head of the household earned a proper wage so the family could maintain a decent standard of living without the mother having to leave the home every day to seek employment.

This problem of security for the widows of former Government employees is involved in the pending bill.

It is not generally realized, perhaps, just to what extent women have increasingly come into the labor force since World War II. At the same time, relatively more men have been dropping out of the labor force. This may not be socially desirable. At least, it is a matter for consideration. In 1947, the participation rate for women was 31.0 percent. This figure rose in 1962 to 36.7 percent. During the same period of time, the participation rate for men went down from 84.5 percent in 1947 to 79.3 percent in 1962.

Let me make it very, very plain that I favor full employment opportunities for men and women alike—the opportunity for a decent job for any man or woman who is able and willing to work. But I am opposed to a social and economic structure which forces wives and mothers to leave their home and children daily to seek work because the father or husband is not paid a wage or salary which will keep the family in decent comfort. I am opposed, too, to a tax system that penalizes the parent as a taxpayer. Social security and Government retirement systems should include benefits for the widows of original workers or Government employees.

A tax cut for corporations and for those in the high income brackets hardly fits in here. If a tax cut must be had, then tax relief for parents of the largest numbers of children would be fairest and of greatest benefit.

In this connection, also, we need to look more closely into the area of the minimum wage, overtime pay, and the length of the workweek.

Unemployment can be partially cured, of course, by increasing production. But, as I have said, the increased production that is needed is not in the private sector where there are neither shortages nor reasonably full utilization of capacity, but in the public sector. A tax cut does not fit in here at all. Worse still, the capacity of the Government to provide for our pressing public needs will be seriously and permanently impaired by a drastic reduction in revenue.

Mr. President, I shall have much more to say about the unemployment and poverty aspects of the effects of the tax bill. This is one of the key considerations. This bill will not cure unemployment and poverty, despite many statements to the contrary.

Altogether too many have followed the ladder of faith in arriving at support of this bill—a faith unfounded on fact, that faith which is "the substance of things hoped for, the evidence of things not seen." Because we have high unemployment, the problem ought to be cured. A tax cut, it is felt, might possibly help. Because a tax cut might help, the feeling grows that it will help. Through some couéistic magic, then, we repeat this mental process until we finally ar-

rive at the point where we tell ourselves, without reservation, that a tax cut will cure unemployment.

Self-delusion is dangerous. It is doubly dangerous when high hopes are built on a false premise.

I am anxious to join a real war on poverty. A skirmish of words is not enough.

Mr. President, I withdraw the amendment to the motion to recommit.

#### AMENDMENT OF SMALL BUSINESS ACT

Mr. PROXMIRE. Mr. President, the Senate has received a message from the House that it has passed the bill (S. 1309) to amend the Small Business Act, with amendments. I ask that the Chair lay before the Senate the amendments of the House to that bill.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1309) to amend the Small Business Act, and for other purposes, which were, on page 1, strike out lines 3 through 7, inclusive; on page 1, strike out lines 8 and 9, and insert:

That (a) paragraph (2) of section 7(b) of the Small Business Act is amended to read as follows:

On page 3, line 7, strike out "Sec. 3." and insert "Sec. 2."

Mr. PROXMIRE. Mr. President, the House amended this bill by striking out the section of the bill which would have increased the authorization of the Small Business Administration's revolving fund for the use of its programs under the Small Business Investment Act of 1958 by \$34.3 million. The House accepted the other provisions of the bill.

This amendment was reported to the House by the House Banking and Currency Committee after Mr. Eugene P. Foley, Administrator of the Small Business Administration testified that:

I have checked our books and our operations, and I personally believe that we could do without the authorization that was approved by the Senate. I think we could probably get along without it the balance of this fiscal year. Also this would be in keeping with the President's keen desire for frugality in Government.

I am delighted that the House amended the bill in this fashion. I did not vote for this increase when the bill was considered by the Banking and Currency Committee, and I spoke against it when the bill was before the Senate. I stated in my minority views in our committee report regarding this \$34.3 million increase as follows:

I cannot vote for this increase. With our budget still unbalanced, our defense costs continuing at a high rate, and a large tax cut likely to be passed early next year, Congress should not increase the size of these authorizations. The SBIC program can and should be operated within its present authorization limits.

Now that SBA has come to the same conclusion, I am glad to say that the junior Senator from Alabama [Mr. SPARKMAN], who handled this bill on the Senate floor, has agreed with me to accept the House amendment and send the bill to the President at once.

I am particularly glad that we can act promptly on this bill, because it contains a provision of importance to the Great Lakes area. The House accepted the amendment sponsored and supported by Senators HART, HUMPHREY, MCCARTHY, McNAMARA, NELSON—the Presiding Officer—and myself, which makes disaster loans available to companies that have suffered economic injury due to the unfortunate botulism episode in the Great Lakes area. I was happy to join with my colleagues from this area in sponsoring this amendment, and I hope that the assistance which will be made available to small businessmen who qualify under this amendment will prove of great benefit to them in this very unhappy period. I will do all that I can to see that the Small Business Administration begins processing the applications for loans under this provision as quickly as possible.

Mr. President, I move that the Senate concur in the amendment of the House.

Mr. HART. Mr. President, I am delighted that S. 1309 is before the Senate today for concurrence in the amendments of the House.

This is not a major piece of legislation as compared with many that come before the Senate. It does not involve the expenditure of billions of dollars. And yet it will help some of our people very much indeed, and it is an encouraging example of the fact that the Congress can and does respond to the needs of our citizens.

To give just a bit of the legislative history, S. 1309 started out as a bill to enlarge the SBA revolving fund and to broaden the disaster loan section to cover all types of natural disasters. After the hearings had been held by the Senate Banking and Currency Committee, and after the bill had been reported, an unusual kind of disaster struck the commercial fishing industry of the Great Lakes: the discovery of botulism E in smoked fish from the area.

The FDA recommendations with respect to smoked fish were widely misinterpreted and had a devastating effect on the market—not only for smoked fish, which had been the source of the problem, but on fresh and frozen fish which had not been embraced within the FDA warning. Almost overnight some 20,000 people in the Great Lakes area were without a means of livelihood: the fishermen, the processors, the wholesalers, and even many retailers—some as far away as California and New York.

To respond to this emergency, and to tide the industry over until solutions could be found, I introduced on the Senate floor, an amendment to S. 1309 which would broaden the disaster loan section to cover the small business concern unable "to process or market a product for human consumption because of disease or toxicity occurring in such product through natural or undetermined causes." Joining me in cosponsorship of this amendment were Senators McCARTHY, HUMPHREY, McNAMARA, PROXMIRE, and NELSON.

The Senator from Alabama [Mr. SPARKMAN], who had introduced S. 1309 and was managing it on the Senate floor, very kindly agreed to accept the amend-

ment. It was in the bill as it went to the House, and is in the bill as it comes back from the House.

The provision of disaster loans will not be the full answer for this industry. We need to find new ways of marketing the chub in an appetizing and economically competitive fashion. We must counteract the false notion that fresh and frozen fish emanating from the Great Lakes are possibly harmful. And we need to explore whether there is a means of compensating those who have suffered very substantial loss because of the FDA-recommended destruction of already-caught fish. But the amendment which I offered—and the Senator from Alabama kindly accepted—will be of very great help while we work out these other problems.

I hope the Senate will send the bill to the President and that it may soon have his signature.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin [Mr. PROXMIRE] that the Senate concur in the amendments of the House.

The motion was agreed to.

#### ADJUSTMENT IN ANNUITIES UNDER FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

The Senate resumed the consideration of the bill (S. 745) to provide for adjustments in annuities under the Foreign Service retirement and disability system.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit made by the Senator from Ohio [Mr. LAUSCHE].

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, with reference to S. 745, the Senator from Ohio has made a motion to recommit. There has been some discussion on the bill. I was under the impression that Senators were pretty close together before the discussion. An agreement has been reached. The Senator from Ohio and the Senator from Delaware—other Senators may have been present at the discussion—have agreed upon an amendment, which will be offered by the Senator from Ohio. I understand that if the amendment is agreed to, the Senator from Ohio is willing to withdraw his motion to recommit.

Mr. LAUSCHE. Is the pending question the motion to recommit?

The PRESIDING OFFICER. The Senator is correct. The Senator may withdraw his motion to recommit.

Mr. LAUSCHE. I withdraw my motion at this time.

The amendment which I am offering would impose upon a retiree who did not designate his spouse as a potential surviving beneficiary, thus procuring in-